

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-02 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 /025 W

----- 095720

R 281250Z FEB 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 2226

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 0669

E.O. 11652: N/A

TAGS: AEAR, BR

SUBJECT: CIVAIR--RESTRICTIVE PRACTICES

REF: A) STATE 196118; B) STATE 023126

1. FOLLOWING CONSITUTES RESPONSE FROM BOTH EMBASSY
BRASILIA AND CONGEN RIO TO REF A.

2. DISCUSSIONS WITH LOCAL REPS OF U.S. AIRLINES INDI-
CATE TWO ISSUES WHICH MAY BE CONSIDERED TO CONSTITUTE
DISCRIMINATORY PRACTICES:

A) BRAZILIAN CENTRAL BANK REQUIRES THAT IMPORTERS PRESENT A
SERIES OF DOCUMENTS INDICATING PRICES, IMPORT LICENSE NUMBER,
ETC. OFTEN, GOODS IMPORTED BY AIR ARE CLEARED THROUGH CUSTOMS
AND AIRLINE IS PAID BEFORE ALL DOCUMENTS HAVE BEEN PRESENTED
TO CENTRAL BANK. AIRLINES, HOWEVER, CANNOT REMIT THESE FUNDS,
NOR EMPLOY THEM LOCALLY WHILE AWAITING
REMITTANCE AUTHORIZATION, UNTIL CENTRAL BANK HAS
RECEIVED COMPLETE DOCUMENTATION. SINCE IMPORTER HAS
ALREADY RECEIVED HIS MERCHANDISE IN SUCH CASES, HE
IS UNDER NO PRESSURE TO EXPEDITE PRESENTATION OF
DOCUMENTS. RATHER, RESPONSIBILITY FOR COMPLETION OF
DOCUMENTATION IS EFFECTIVELY TRANSFERRED TO THE
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INTERESTED AIRLINE. THE U.S. CARRIER MOST AFFECTED

BELIEVES THIS PRACTICE IS DISCRIMINATORY IN THAT DOMESTIC AIRLINES, OPERATING LARGELY IN NATIONAL CURRENCY, DO NOT ENCOUNTER REMITTANCE IMPEDIMENT. LOCAL REP OF U.S. AIRLINE HAS DISCUSSED PROBLEM WITH BRAZILIAN AVIATION AUTHORITIES, WHO ALLEDGEDLY ACKNOWLEDGE DISCRIMINATORY NATURE OF PROCEDURE BUT PROTEST THEIR INABILITY TO CHANGE CENTRAL BANK REQUIREMENTS.

COMMENT: IF DEPARTMENT CONCURS THAT ABOVE PROCEDURE DOES CONSITTUTE DISCRIMINATORY PRACTICE, EMBASSY BRASILIA AND CONGEN RIO WILL DISCUSS ISSUE WITH CENTRAL BANK AND WITH AVIATION AUTHORITIES.

B) BRAZIL'S PRINCIPAL FLAG CARRIER ORIGINATES AND TERMINATES A NUMBER OF ITS INTERNATIONAL FLIGHTS, INCLUDING SOME BETWEEN BRAZIL AND U.S., AT SAO PAULO'S DOWNTOWN CONGONHAS AIRPORT. ALTHOUGH SEVERAL OTHER AIRLINES ALSO USE CONGONHAS FOR INTERNATIONAL FLIGHTS,

U.S. FLAG CARRIERS ARE PROHIBITED ACCESS TO THIS FACILITY. INSTEAD, THEY MUST USE THE INTERNATIONAL AIRPORT AT VIRACOPOS, WHICH IS APPROXIMATELY 110 KILOMETERS FROM DOWNTOWN SAO PAULO. SINCE PASSENGERS HAVE A DECIDED PREFERENCE FOR FLIGHTS USING CONGONHAS, U.S. CARRIERS BELIEVE THEY ARE PLACED AT A DISTINCT COMPETITIVE DISADVANTAGE.

COMMENT: LOCAL REP OF U.S. CARRIER PRINCIPALLY INVOLVED AND CONGEN RIO OFFICER HAVE DISCUSSED THIS ISSUE EXTENSIVELY WITH BRAZILIAN CIVIL AVIATION AUTHORITIES. EMBASSY BRASILIA PLANS TO PRESENT DIPLOMATIC NOTE, ,92 8, 0430-4-589, 8, \$30-45.3,5 (RIO 0604), TO GOB AS SOON AS TEXT OF NOTE IS AVAILABLE.
MILLER

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